

BRITAIN'S WEALTH

A four lesson study syllabus

Lawrence & Wishart

price ninepence

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INTRODUCTION

It is frequently said that Britain is now a "poor country" and pessimism concerning its economic prospects is often expressed. The Labour Movement rejects this view; it is pledged to the aim of bringing about an expansion of Britain's economy and rising standards of life for its people through full employment of national productive resources and labour, i.e., to making a prosperous Britain.

The first purpose of this course is, therefore, to examine the actual state of Britain's wealth. Here it must be remembered that wealth is not money, nor is money the means whereby wealth is created. The real wealth of a nation, and the basis upon which its wealth can be multiplied, is in the *forces of production* it possesses: its land and natural resources, its capital equipment, its labour force and productive skill. It will be shown that Britain possesses sufficient resources in each of these respects to provide the material basis for creation of wealth on a scale greater than has ever yet been achieved in this country.

Possession of these resources does not, however, guarantee that they will, in fact, be fully employed to expand production of wealth—far less to provide a rising standard of life for the people. They were certainly not used in this way in the period between the two wars, for example. The second purpose of this course is to enquire into the reasons for this, and this involves reference to the *relations of production*. By this is meant the relationship in which men stand to each other in the process of production. In the present capitalist *mode of production* the community is divided into classes, of which one class (the capitalist class) owns the means of production and exploits the labour of another class (the working class), which has no share in ownership and is compelled to sell its labour power in order to live. It will be shown that this capitalist form of economy has been and remains an obstacle to the full and rational use of productive resources.

No discussion of Britain's wealth would be complete if it failed to take into account the fact that this country is the metropolis of an overseas Empire and that British capital is invested overseas on a considerable scale. Are these essential to the wealth and prosperity of Britain, or do they enrich only one class in the nation? Discussion of these questions is the third purpose of this course.

Lesson One

THE NATURAL RESOURCES OF BRITAIN

The natural resources of a country are its *land*—the fertility of its soil and the minerals beneath the soil, and its *water*—a source of food and energy and a medium for transport. One must include also the *air*, from which chemicals may be extracted and which has become a medium of air transport. Other factors—climate, for example—play a part. The natural resources of a country are not static, and no final estimate of their amount or of the uses to which they may be put can be made. As science progresses new resources are brought to light and our knowledge of the uses to which they can be applied becomes ever broader. New deposits of minerals may be found; two ears of corn may be made to grow for every one that could previously be grown. New uses may be found for old resources, and that which had been considered waste or useless may be put to use. Certain resources may become “wasting assets” but the sum total of natural resources expands.

OUR RESOURCES IN LAND

The land, main source of home-produced food and industrial crops, is a decisive element of natural resources. The land surface of Britain, as an island is, within narrow limits, fixed; small areas may be lost by coastal erosion, while drainage and other forms of reclamation may win back some land from the sea. But the population this land has to support is elastic. Britain's surface area is 88,000 square miles, or 56 million acres. Living in this space are some 46 million people—a population more than four times greater than was recorded in the 1801 census.

While the total land area is fixed, the wealth of produce that can be raised from it has no fixed limit, and may be increased in many ways. *The area suitable for cultivation*, for example, may be expanded by drainage of marsh land, and wartime experience shows the possibilities of expanding the total *area under cultivation*. The *fertility of the soil* can be improved by, for example, greater use of chemical fertilisers or improved crop rotation. *Yield per acre* can be multiplied by greater use of improved farm machinery, or by more scientific farming methods, or by better quality livestock.

Not all land is suitable or available for farming or forestry. Towns and villages, roads and railways, reduce the area available, while much of the mountain and moor land is not, *in its present condition*, suitable. Our concern is with the extent to which land that is both suitable and available is actually used for production of wealth by cultivation.

Most people know something about the Industrial Revolution which, between 1750 and 1850, transformed Britain into the first country of modern industry. In the 18th century our agriculture was also revolutionised. Britain's farms, as well as its factories, led the world:

"the productivity of British crops and livestock were unsurpassed, yields per acre were higher, livestock were earlier maturing and better producers than in any other country." (Astor and Murray: *Land and Life*).

This leading position Britain no longer holds. Between the 1870s and 1930s nearly one-third of Britain's *arable land*—i.e., land ploughed for raising crops—passed out of cultivation. In the same period productivity per acre rose by only 16 per cent—not sufficient to compensate for the fall in acreage by 33½ per cent from 18 million to 12 million.

Between 1870 and 1890 the area under *permanent grass*—i.e., land farmed for the raising of livestock—rose, but by 1930 it had fallen again somewhat below the level of 1870. True, the number of livestock was much higher, but this was achieved largely at the expense of importing huge quantities of cattle feed.

As arable and grass land went out of cultivation the area of *rough grazing* increased. This had been described as "derelict" land, i.e., uncultivated land used for grazing sheep and cattle. In 1937 it accounted for more than one-third of our agricultural land—some 16 million out of 45 million acres. Much of it could be made suitable for farming; indeed 3½ million acres of it was good arable land that reverted to rough grazing in the fifty years before 1937. An even greater part could be improved for rough grazing purposes.

Another purpose to which rough grazing could be put is afforestation. Only 4 per cent of our land surface is wooded; on the Continent the average is one-third.

These facts indicate that production of wealth from our land has been grossly neglected. As a result, three-fifths of our food requirements had to be imported, as had most of our requirements in timber. The war revealed the dangers of this state of affairs, but revealed also the great possibilities for increasing both the area under cultivation and yield per acre:

"The low level of food production meant a deadly danger to us in time of war . . . the measures of planning and encouragement which have been introduced to meet the danger have rapidly increased pre-war production by over 70 per cent." (*Agriculture: Planned and Prosperous*.)

OUR MINERAL RESOURCES

The mineral resources of Britain, the wealth that lies beneath its soil, are both rich and varied. Known coal reserves are estimated to suffice for 700 years at the present rate of extraction. Home produced iron ores meet two-thirds of the requirements of our steel industry, and the ores of many other metals are also found. Raw materials for the building industry (except timber) are abundant—building stone of many kinds, clay for bricks, chalk for cement, sand for glass, slate for roofing. There are also rich deposits of many key raw materials for the growing

chemical industry. Intensified geological research brings to light hitherto unknown mineral deposits. Improvement in technique makes it possible to work deposits hitherto considered uneconomic and unworkable. Science finds in our internal resources substitutes for essential raw materials not found in Britain itself and for which we have been dependent on imports.

Britain's coal resources have been and remain of decisive importance to national economy. The first main uses of coal were for domestic heating, for smelting of iron, the generation of steam power to run factories, drive locomotives and propel ships. It remains the main source of both fuel and power.

Now it is often used only indirectly for these purposes. Generation of steam power is supplemented by the use of coal to generate gas power, electric power, and motor fuel. Directly or indirectly, coal supplies over 90 per cent of the energy required for the nation's industries and transport.

Coal has also become of primary importance for its by-products. Coke, gas, and coal-tar were the first of these to be extracted on a large scale. Now coal is the primary raw material for a bewildering and ever-growing range of by-products.

For more than 200 years coal has been the main foundation of British industry, and as new uses for coal are discovered its importance grows. By 1800 Britain's coal output had reached 80 million tons a year. Output rose steadily throughout the nineteenth century and reached its highest point in 1913, when it was 287 million tons. Since then it has declined, falling to 230 millions in 1938, and to 184 million tons in 1945.

Abundant and cheap coal supplies were decisive factors in the growth of British industry: now the fall in output and high costs of coal have become a national danger. It tends to arrest the development of coal-using industries and becomes an obstacle to raising the general standard of living. It also reduces the amount of coal available for export and thereby makes more difficult the problem of how to pay for essential imports. In 1938 one-twelfth of our exports were in coal, amounting to £40 million. Present coal exports are negligible. Minimum home requirements are estimated at 200 million tons; actual output is still below this figure.

OUR WATER RESOURCES

Since Britain is an island, the seas around it are important for the food catch of the fishing industry, for coastal and deep-sea transport, and as the basis for our ports and shipbuilding industries. Its inland water resources, too, are of considerable importance, although few of our rivers are navigable for long distances from the coast. This handicap was reduced and inland navigation developed by the construction of a complicated network of canals, linking river with river and inland towns with ports, developed mainly in the century before 1850. Since the coming of the "railway age" in the 1820s this canal system has declined. Gradually taken over by the railway companies, with which they com-

peted, they have—for the most part—been allowed to decay. But what remains of this system is still an asset and can be revived in a nationalised and co-ordinated transport system as a useful means of cheap carriage for bulk goods.

Before the development of the steam engine most factories were sited close to rivers and streams where water could be harnessed as power to turn the machines. As the steam engine replaced the water-mill, the use of water as a source of power declined again. In our own century water power has become of greater importance than ever through the development of hydro-electricity, i.e., the use of falling water to generate electricity for light and power, for the growing electro-chemical and electro-metallurgical industries. It must be said, however, that Britain's resources for generating hydro-electricity, and particularly those of Scotland, are but poorly utilised. In 1942 an official Committee on *Hydro-Electric Development* in Scotland reported that "in contrast with the immense achievements abroad in water-power developments and in the light of the country's present position, the record of the last twenty years as a contribution towards a constructive forward policy for British hydro-electricity and for the regeneration of the Highlands is not an inspiring one." During those twenty years "the Highlands have sunk into deepening depression and the greater part of the very valuable water power is still running to waste."

NATURAL RESOURCES LACKING IN BRITAIN

Great and varied as are our natural resources, they do not provide for all the requirements of our industries in respect of raw materials, nor of our people in respect of food and clothing.

To some extent this is due to reasons of climate and soil. Thus, we cannot grow at home the raw cotton needed for our textile industry, nor the rubber, oil seeds, nuts, and numerous other vegetable products required as raw materials in many branches of industry. We cannot ourselves grow—or cannot grow economically—many foodstuffs which are regarded as essential, such as tea, coffee, rice, etc. Our tobacco is all imported.

To some extent it is due to the fact that nature has not formed certain minerals beneath our soil, or has provided them only in small quantity, or of inferior quality, or at unworkable depths. Thus, only very small deposits of petrol have been found in Britain, so that—in the age of the internal combustion engine—we are dependent on supplies from overseas for this vital fuel. We are also dependent on imports for all or most of our requirements in such ores as copper, tin, lead and zinc, tungsten, chromium, and manganese.

The progress of science in the discovery of synthetic materials produced by chemical processes and worked up in other branches of industry reduces dependence on imports and opens up new uses for our own natural resources. The production of fuel oil and lubricants from coal, the manufacture of artificial silk and synthetic rubber, the rapid growth of the plastics industry, are all examples of significant developments of recent date—a few from the many which could be quoted.

NATURAL RESOURCES NOT NATIONAL PROPERTY

This description of our natural resources is no more than a bare outline. But from it we can draw conclusions which would be confirmed by any more detailed examination. First of all, Britain has at its disposal immense and varied natural resources. Secondly, the potential capacity to produce wealth from these resources grows from year to year as science makes new discoveries and the technique of processing materials is perfected. Thirdly, these potentialities are by no means fully used; they have not yet been harnessed to expansion of the national economy and to increasing the material well-being of the people.

In seeking for the reason for this failure, we cannot leave out of account the fact that the natural resources of Britain are not the national possession of the people. We are not free, as a nation, to use our natural resources for whatever purpose is thought best in the interests of the nation. For the most part the natural resources of the country belong to private property-owners who have the power to dictate to the nation whether or not and on what terms these assets may be used for the production of wealth.

The land, for example, is the monopoly of the landlords and companies investing in estate property. Details of land ownership are shrouded in mystery, since 1873 no public records have been available. It is known, however, that 77 aristocrats, between them, own 2,500 sq. miles of land—more than a fortieth part of the whole country. Not a house can be built, or an acre farmed, or a mile of road made, without the payment of ransom to these “men of property” in the form of rent or purchase of necessary land.

They lay claim not only to the land, but also to “rights” in the rivers that flow through it and the minerals that lie beneath it—“to the centre of the earth.” Before coal could be mined land had to be bought or rented for the surface installations and royalties and way-leaves paid to the owners of the land beneath which the coal lay. An average of over five million pounds was paid yearly in royalties of from 4d. to 1s. 6d. per ton on every ton of coal raised. In 1919 a Royal Commission recommended that the State should acquire coal royalties. This was rejected, but had to be adopted—in 1938. Meantime, one hundred million pounds had been paid out in royalties and a further sixty-six and a half million had to be paid as “compensation” to the royalty owners. The landlords still retain the “surface rights” on their land, and their title to ownership of other minerals which lie beneath the surface. Coal was the first, and is still the only one, of our great natural resources to become the property of the nation.

Another example of private capitalist interests holding up vital developments in the use of natural resources is provided in the case of hydro-electricity. The committee on *Hydro-electric Development in Scotland* for example, reported that “development was frustrated by the fact that all major issues of policy . . . have tended to become completely submerged in the conflict of contending sectional interests,” and refers specifically to “the opposition of landowning and sporting interests,”

and to "strenuous opposition . . . offered by the Mining Association with the object of preventing hydro-electric development."

The effect of capitalist ownership on the development of our natural resources may be summarised as follows:—

First: Private ownership of the land means that the natural resources of the country are the private property of the wealthy.

Second: The country's natural resources can be utilised for production of wealth only by permission of the owners of land property, and then only on terms (rent, purchase, or royalties) profitable to them.

Third: Even where the State and local authorities possess powers to acquire land or direct that it be used for public purposes, the owners of the land concerned must first be "compensated."

Fourth: The burden of rent, interest and profit has hindered and led to decline in the use of our natural resources.

SUGGESTED TOPICS FOR DISCUSSION

- (1) *What are the most important natural resources in your county or district?*
- (2) *Are these resources being fully utilised for production of wealth?*
- (3) *What, in your opinion, stands in the way of better utilisation of local resources?*
- (4) *What might be done to bring about better utilisation of these resources?*

Lesson Two

MACHINERY, TOOLS AND TECHNIQUE

Natural resources are only *potential* wealth; to be of service to man they must first be won from nature in their raw state and then worked upon till they take on the quality of useful things. Iron ore, for example, must be extracted from the bowels of the earth, transported to furnaces, and transformed by smelting into iron and steel before it can be fashioned into articles for the use of man.

To carry on the work of extracting raw materials from nature and transforming them into finished products, a modern community must have at its disposal the appropriate *means of production*. In our own time these are made up—broadly speaking—of factories, mines and mills, their machinery and the power which drives it, railways and shipping; in short, all that complexity of machines, tools and technique required to carry on modern large-scale production and transport. The sum of these means of production possessed by a nation constitute its fund of *capital equipment*.

BRITAIN THE PIONEER OF INDUSTRIALISATION

In the 18th century Britain was the birthplace of a remarkable series of discoveries and inventions which, when applied to the process of production, brought about an enormous leap forward in man's mastery over nature and in his capacity for producing wealth in abundance. This transformation, which had been preceded and made possible by the destruction of feudal rule in the English Revolution of the 17th century, is generally referred to as the Industrial Revolution, the essence of which was that "the spinning wheel, the handloom, the blacksmith's hammer, were replaced by the spinning machine, the power loom, the steam hammer; the individual workshop by the factory, implying the co-operation of hundreds and thousands of workmen." *

This was an age in which Britain played the proud part of innovator, the pioneer blazing new trails in the processes of wealth production. From being "a country like any other, with small towns, few and simple industries, and a thin but *proportionally* large agricultural population," Britain became "a country like no other . . . with vast manufacturing cities; with an industry that supplies the world and produces everything by means of the most complex machinery.†

Britain was then "the workshop of the world." Its capital equipment—the new power-driven machinery—and large scale production enabled it to turn out a greater volume of manufactured goods, and to produce them faster and more cheaply, than any other country. Because its capital equipment was so much in advance of that of other countries, Britain was the first country in the world in respect of the proportion of its population engaged in manufacturing industries, in the physical volume of its industrial output, in productivity per worker, and in production of wealth per head of the population.

It was not possible, of course, for Britain to remain for all time *the* workshop of the world. Certainly there were those who dreamed of Britain as the industrial sun around which other nations would revolve as agrarian satellites, supplying Britain with raw materials and food in return for industrial products, the manufacture of which was to be a British monopoly. But this could not be: it was inevitable that other countries would follow the lead of Britain in developing large-scale industrial production on the basis of power-driven machinery.

WHERE DO WE STAND TODAY?

The question is whether Britain has continued to play the part of innovator, leading the world in the discovery and application of new machines and processes which increase the capacity of our industries to produce wealth. Has Britain kept ahead, or even abreast, of other countries in the quality of its capital equipment and in its technical level?

Britain certainly remains one of the foremost industrial nations of the

* Engels: *Socialism, Utopian and Scientific*, p. 49; or in *Karl Marx: Selected Works*, vol. I, p. 167.

† Engels: *The Condition of the Working Class in England in 1844*, p. 15.

world. In respect of proportion of population employed in industry it still holds first place among the big powers. So far as volume of industrial output is concerned, the first and second places are now taken by the U.S.A. and the U.S.S.R. But this tells us little or nothing about the main thing, i.e., the efficiency of the productive equipment of British industry, or its present rate of expansion, in comparison with that of other highly-developed industrial nations.

Industrial efficiency can be judged in terms of the productivity of labour, i.e., *output per worker*. Judged on this basis British industry is seen to be considerably less efficient than that of the U.S.A. In a pre-war sample of 25 important industries it was found that in the U.S.A. the average output per worker was more than two-and-a-third times bigger than here. If we take the average output per worker in these 25 industries as standing at 100 in Britain, it stood at 238 in the case of the American worker.*

To get a more precise comparison of industrial efficiency, one must judge from the standpoint of *output per man hour*, and not just per man, because the number of hours worked by each operative per shift or per week may be different as between one country and another. In the period covered by the above comparison the American operative worked 38.6 hours per week as against 47.8 hours per week in the case of the British operative. Hence, the difference in output per man hour was even greater than the difference in output per worker.

Output per worker, and per hour, must be supplemented by a comparison of *output per head of the population*, since the larger a country's industrial output per head of the population, the greater is its economic power. It has been noted in this connection that Britain held first place among the nations at one time. This is no longer the case: it has been estimated that output of wealth per head of population in the U.S.A. before the war was approximately double what it was in Britain.†

Rate of Expansion

Another point to be taken into consideration is the rate of expansion, i.e., whether, and at what rate, industrial output is expanding. Examination reveals that between 1913 and 1937 the rate of expansion has slowed down to a snail's pace. During the whole quarter of a century the annual volume of industrial output grew by only 21.9 per cent. During the same period America's industrial output was expanded by 56.9 per cent, more than twice the rate of expansion in Britain.‡

How is this state of affairs to be explained? It would take us too far afield to go into all the many factors that must be taken into account. At this point we will take note of only one factor, namely, the fact that the productive equipment and technique of Britain's industries is no longer based on the most advanced standards, but to a considerable

* Dr. Leon Rostas: *Economic Journal*, April, 1943.

† *The Economist*, August, 1944.

‡ Between 1913 and 1937 the industrial output of the U.S.S.R. expanded by leaps and bounds, and in 1937 was eight times greater than it had been in 1913.

extent on standards that are now obsolete. This is the more serious since it is precisely the basic and staple industries that are most notoriously backward in this respect.

Before going on to deal with some of these industries a general example may be cited. The productivity of labour is determined largely by the equipment at the disposal of the worker, and nowadays this may be, to a considerable extent, estimated in terms of horse-power. If the labour of the American worker is more productive than that of his opposite number in Britain, this is not at all because the American worker is a "better workman," more highly skilled, or more diligent. It is because the process of production is more highly mechanised in America than it is here, as may be seen from the fact that the American worker has at his disposal twice as much horse-power as the British worker.

THE CONDITION OF OUR BASIC INDUSTRIES

Coal Mining

Mining is still the basic industry of Britain; home produced coal supplies 95 per cent of our fuel and power; it is basic to our vital steel and chemical industries. The main facts about the steady decline in coal production since 1913 have already been indicated (see p. 6).

This decline is linked with, and is in part a consequence of, the growing obsolescence of the capital equipment and general technical basis of the industry. Output per man shift in British mines was only 25 per cent of that of America in 1938; between 1913 and 1938 output per man shift rose by 36 per cent in American mines, but only by 13 per cent in British mines. A "fairer" comparison might be between Britain and, say, the Ruhr and Holland, where natural conditions are much the same as in British mines. In both cases output per man shift is higher than in Britain, and in both cases the rate of increase in output per man shift between 1913 and 1938 was much higher than in Britain—being 64 per cent in the case of the Ruhr and 101 per cent in the case of Holland.

The official *Reid Report** on the mining industry, prepared for the Government by a committee of seven mining engineers who are, or have been, directors of mining companies, reveals a quite shocking state of affairs in the present capital equipment and technical basis of the industry, which fully justifies the view of *The Times* (11.10.46) that "the present state of coalmining cannot continue without inviting a national industrial calamity." Nationalisation of the industry provides an opportunity to prevent this and revive the industry on a modern technical basis.

Iron and Steel

Steel is a key element in modern life. Britain was the home of the discoveries on which the world iron and steel industry has been built, and in 1870 half of all the pig iron, 37.5 per cent of all the wrought iron, and 43 per cent of all the steel produced in the world was British

* *Coal Mining*, Cmd. 6610.

made. Since then our output of iron and steel has grown considerably, but production on a world scale has expanded at a much faster rate. By 1913, for example, the U.S.A. was turning out three times as much as Britain. The highest output of steel ever reached in Britain was 13,221,000 tons in 1939. Average annual output during the war was 12,770,000 tons, the highest wartime output being 13,031,000 tons in 1943.

This slow rate of development is closely connected with failure to keep the capital equipment of the industry up-to-date. Already by 1880 "foreign iron and steel industries appeared more progressive than the British" and "leadership in technology and commercial application was passing abroad." By 1913 "we had lost the lead in all mass production lines" and Britain's blast furnaces were "smaller than those of her competitors." By 1930 "pre-war plants, already old-fashioned, had not been destroyed" and, because "modernisation was not carried out," the industry presented a sorry picture of "regression, lack of resilience, depression."*

Nor has there been any decisive general improvement in the last 15 years. Despite vast indirect subsidies in the form of high tariffs since 1932, which protected the high-priced British steel from foreign competition and swelled the profits of the steel monopolists, the standard of efficiency in the industry in 1938 was "still considerably behind that of other countries"† and in 1944 there was still "a heavy proportion of obsolete equipment or equipment requiring major over-haul and reconstruction."‡

In respect of output per head the iron and steel industry of Britain is considerably behind the standards of the more advanced countries. The capital equipment of the industry in America is so much more modern that output per worker is more than twice the British average. Although wages are twice as high, American prices for iron and steel products are less than the British, which were so high that they tended to "reduce the industrial activity of the whole community."§

Railway Transport

Transport has been described as "the very bloodstream of civilian production and of the nation's social life." The main arteries of inland transport are still the railways.

British genius invented the locomotive and Britain was the pioneer in railway transport. But it has failed to keep abreast of modern possibilities in the equipment and technical standards of its railway system. A Royal Commission on transport (1930) pointed out that our railways had failed to make full use of "capacity for speed" and that "it is certainly a remarkable fact that there has been practically no improvement in locomotive speed in this country during the last 80

* Burnham and Hoskins: *Iron and Steel in Britain, 1870-1930.*

† *The Economist*, December, 1938.

‡ *The Times*, February, 1944.

§ G. Crowther: *Economics for Democrats.*

years." In the 17 years between 1921 and 1938 the speed of steam passenger trains increased by only 1.46 miles per hour.

The great majority of British goods wagons are too small—12-ton standard as against 20, 40 and even 60 tons abroad; lay-out and equipment of most loco depots are out of date; use of containers for direct transport without intermediate handling of goods is still poorly developed. Only 966 of the 20,132 route miles on our railway system are electrified, less than 5 per cent of the total.

One consequence of this technical backwardness is high passenger and freight charges. In 1921 it was estimated that "for moving freight we are the most costly country to the user of railways." In 1935 British rail freight charges were five times higher than the American, twice as high as the Swedish, 20 per cent higher than the German. The effect on industry as a whole of excessive freight charges arising from technical backwardness (coupled with over-capitalisation and vast sums paid annually in interest to shareholders) may be judged from the fact that rail charges account for about 30 per cent of the market price of pig iron and 25 per cent of the price of coal.*

Cotton Textiles

Another field in which Britain pioneered was the cotton textile industry. In the second half of the 18th century British workmanship developed a remarkable series of inventions which revolutionised the ancient crafts of spinning and weaving: Hargreaves' spinning jenny (1770), Arkwright's water frame (1771), Crompton's spinning mule (1779), Cartwright's power loom (1785), the use of steam power for cotton machinery (1789). All subsequent developments in the spinning, weaving and processing of textiles stem from these basic inventions.

The application of these discoveries made Britain's textile industry the most powerful in the world, its advanced technical basis enabling it to produce cloth in greater quantity, faster and more cheaply, than any other country. Production of textiles became a staple British industry and the mainstay of our export trade. In the earlier part of this century four-fifths of our cotton production, and half our output of woollens was for export, accounting together for one third of our total export trade. In the last 25 years manufacture and export of textiles, particularly cotton, has fallen catastrophically and the centres of the industry became depressed areas.

The falling off in manufacture and export of cotton textiles is associated with the fact that the capital equipment, i.e., the technical basis, of the industry has failed to retain its former lead: from being the country of the most advanced productive technique in the manufacture of textiles, Britain has fallen back into a position where it is equipped on standards that are now obsolete. The report of the *Platt Mission*,† which studied the industry in America, and the *Report of the Cotton Working Party*,‡

* For fuller details see the Labour Research Dept. booklet, *Railways and the Nation*.

† *Report of the Cotton Textile Mission to the U.S.A.* H.M.S.O.

‡ *Working Party Reports: Cotton.* H.M.S.O.

bring this out clearly. Output per man hour in the American cotton industry is more than double the present level in our own cotton industry. The American industry is equipped throughout for mass production on automatic looms, with high-speed spinning and yarn-preparing machinery, the entire process of production being carried on in single units combining all processes from raw cotton to woven cloth. In Britain plant is old and out-of-date; 95 per cent of all looms are non-automatic (taking the world as a whole 22 per cent of looms are automatic; in America 95 per cent are automatic); only 29 per cent of spindles are ring spindles (taking the world as a whole 92 per cent of spinning is by ring spindle); spinning and weaving are carried on in separate mills, even in separate towns.

We can look back on the part played by Britain in revolutionising the means of production with a legitimate sense of pride. So much the sharper, then, must be the sense of dismay that is aroused by the fact that the capital equipment and technical standards of so many of our industries have fallen so far behind. A nation which permits itself to lag behind the most modern productive technique and carries on the work of production with obsolescent capital equipment is heading towards decline in the place it holds among the nations and to impoverishment of the mass of its people.

That being the case, how can it be explained that the state of affairs described in this lesson has been allowed to develop, why has it been tolerated for so long? To answer this question it is essential to understand the following fundamental factors:

1. Ownership and control of the means of production has not been vested in the nation as a whole, but in the hands of the capitalist class, a minority in the nation.

2. The use and development of the means of production has been subordinated by the capitalist owners to the making of profits, instead of to the needs and interests of the nation as a whole.

3. The capitalist owners of the means of production derive their profits from exploitation of the labour of those who operate the means of production, the working class.

4. The capitalists have preferred to maximise profits by intensifying the physical exploitation of labour and cutting wages, and by exploiting capital, rather than to scrap obsolescent plant and reinvest profits in modernisation of capital equipment.

5. Hence, big sections of the capitalist class have had a vested interest in and have profited from this obsolescence.

SUGGESTED TOPICS FOR DISCUSSION

Select some one particular industry for discussion, either one of the basic industries or an industry which has special local importance. Discuss the industry selected from the point of view of bringing out the answers to the following questions:—

1. *What have been the main stages in the development of the industry concerned, and the main changes in the process of production?*

2. *Has the capital equipment of the industry concerned been kept up to date, or is it operating on the basis of machinery and technique that is known to be out of date?*

3. *Has the productivity of labour in the industry concerned increased in the last twenty years; if so, to what extent has this been due to new machinery and technique, and to what extent is it due to speed-up and intensification of physical labour of the workers?*

4. *What profits have been made in the industry; how much of this has been taken out of the industry and how much "ploughed back" to improve its capital equipment?*

5. *Who is responsible for taking the decisions about scrapping obsolescent equipment and installing new machinery?*

Lesson Three

LABOUR AND PRODUCTIVE SKILL

The productive forces include not only the instruments of production (i.e., tools, machinery, equipment) but also people (i.e., the experience and skill of those who carry on the work of production).

We have seen that Britain has a vast fund of productive equipment, but that a considerable part of it is now either beyond its efficient working life or obsolescent in type. Against that we must take into account that Britain has a large labour force with a long tradition and a high degree of skill in the operation of modern machine production. It is in a position, therefore, both to get the best out of the present capital equipment and to rapidly modernise its technical basis. Our purpose in this lesson is to see whether the best and fullest use is made of the labour force potentially available for production of wealth.

BRITAIN'S LABOUR FORCE

The size of the labour force available to any country depends, in the first place, on the size of its population. In our own country there was a steady and rapid rise in population during the whole of the 19th century. In 1801 it stood at 10½ millions; by 1901 it had more than trebled, rising to 37 million. During the present century the increase has continued, the population rising to over 46 million in 1937. The rate of increase, however, has fallen steeply. During the first ten-year period (1901-1911) the rate was still high at 10.3 per cent, although rather lower than for any ten-year period in the 19th century. During the second (1911-1921) and third (1921-1931) ten-year periods the rate of increase was halved, falling to 4.7 and 4.8 respectively.

Factors in population are the birth-rate, on the one hand, and the infantile and general mortality rate on the other hand.

There has been a notable decline of infantile mortality. Between 1700-1750 three out of every four children born alive died before reaching the age of five. Between 1750 and 1830 this infantile mortality rate was cut by half. Since then progress in this respect has been

maintained. Fewer children die in infancy. From 1901 to 1910 the infantile mortality rate averaged 128 per 1,000 births; by 1928 this was more than halved, falling to 65 per 1,000; by 1938 it had been reduced to 52 per 1,000. (Among lower-paid working-class families the average is considerably higher, indicating that there are still big possibilities for further reduction of infantile mortality.) It has also to be noted that our people are becoming longer lived. Taking these two facts together, it would seem that the rate of increase in population would be greater in this than in the last century. But this has not been the case, the lower death-rate being more than offset by the falling birth-rate. At the beginning of this century the birth-rate was 29.3; by 1936 it had fallen to 14.8. During 1933-36 the average annual number of births in a population of 46 million was lower than for any year since 1849, when the population was only 17½ million. The effect of this is two-fold. First, growth of population has been checked and there is danger of decline. Second, the proportion of old people in the population is increasing, while that of young people is falling. Between 1931 and 1941 the under-15s in the population fell from 24 per cent to 20 per cent, while the older groups increased from 10 to 12 per cent. The size of Britain's potential labour force is, in consequence, declining.

The children of a nation are the reservoir from which it draws its new generations of workers. The decline in the birth-rate means that the number becoming available for employment in any one year tends to fall. It should also be remembered that the border-line between "childhood" and "age of entry into employment" is moveable. In 1839 the first Factory Act prohibited employment of children under the age of nine. It was only in 1874 that legislation prohibited employment of children under the age of ten. Up to 1907 there were still more than half a million children under the age of 14 in full-time or half-time employment. Since then the general age of entry into employment has been determined by the school-leaving age—14 years in the case of elementary schools. The general raising of the school-leaving age to 15, and later to 16, together with the smaller numbers in these age groups consequent on the fall in the birth-rate, will considerably reduce the population of working age.

Another part of the population is too old for productive work: it has done its share of useful work for society and is, or should be, entitled to honourable retirement and security in old age. This part of the population is increasing. Approximately one-third of Britain's population is composed of under-14s and over 65s who, in general, are not available for work, although well over three-quarters of a million men and women aged 65 and over were gainfully employed in 1939.

Before the war the people of working age in Britain numbered 33½ million. Of these, about 21 million were "gainfully employed." The proportion was much higher among men (14.75 million out of 16 million) than among women (6.25 million out of 17 million). It should be noted that women engaged in the socially useful but unpaid work of housewives, looking after the home, are not counted in the occupied

population. Not all those classed as gainfully employed are wage or salary earners. Census statistics divide them into three categories: managerial, operative, and worker on own account. The *managerial section* covers employers: it "includes the heads of great businesses with thousands of workpeople, and small shopkeepers with a single employed assistant." The *workers on own account* include all who work for a living but are neither employers of labour nor themselves employed persons: "successful free-lance professional men, doctors and barristers, for instance, and independent artisans, such as the village cobbler in a small way of business and without an employed assistant." The *operatives* include all those employed for wage or salary, "both men with salaries running into five figures and casual labourers."*

In 1931, the date of the last census, the operatives comprised 86.7 per cent (just over 18 million) of the total occupied, or "gainfully employed" population. Workers on own account provided 6.9 per cent, and employers of labour only 6.4 per cent. The significance of these figures from the point of view of the present-day class structure of Britain is discussed in another syllabus in this series.†

The fact that little more than 18 million out of 33.25 million of working age were classed as operatives, shows that there are very great possibilities for increasing the labour force and, hence, for increasing national output of wealth and for raising the general standard of living. This was revealed during the war, when the labour force (including men and women in the Services) was expanded by one-fifth to over 22 million. This was achieved by bringing back into employment 1.25 million who had been unemployed and by drawing into employment 2.25 million who had not previously been in employment—e.g., married women. There are, however, definite limits to what can be done in this direction, and even if the fullest use is made of the population of working age, we have to take account of the fact that this section is tending to decline. The limitations on the numerical strength of the labour force can, however, be offset by increasing the productivity per head of the working population. An important factor in this, as we have seen, is the efficiency of capital equipment. Another factor is the average level of skill in the working population, and it is necessary to see whether this is being improved.

PRODUCTIVE SKILL A NATIONAL ASSET

Skill is not an inborn quality; it has to be developed by training and experience. The standard of skill among its people is part of the national resources of a country. This was recognised in 1902, when certain education reforms were instituted largely because, in the words of Mr. Asquith, it had come to be understood that "the relative ignorance of our people menaces our very national existence as well as our industrial supremacy." The lesson that there is a direct connection between the general standard of education and the level of technical skill was forgotten

* Carr Saunders and Jones: *The Social Structure of England*.

† Britain's Social Structure.

between the two wars. National expenditure on education was ruthlessly axed and agreed reforms, long overdue, scrapped. The folly and danger of this was made clear by the test of war, as was admitted in the Coalition Government's White Paper on Education*: "The initial and natural advantage that gave this country almost for the asking its place of pre-eminence in world manufacture and world markets have long been fading. More and more in the future it will be necessary to rely on the capacity, adaptability and quality of our industrial and commercial personnel. Had full attention been given to this all-important question of training young workers, some of the difficulties experienced by the Services and by industry during the present war would have been markedly less acute."

The backwardness of our educational system is evident from the following facts. Ninety-two out of every one hundred children attend elementary schools. Of these, only one in every ten goes on from the elementary to a secondary school; the rest leave school and become available for employment at the age of 14. Only 15 out of every 100 children in the 15-16 age group go to school; in the U.S.A. the proportion is 85 per cent. Only 7 out of every 100 children in the 16-17 age-group receive full-time education; in the U.S.A. the proportion is 67 per cent. At the higher levels of education—universities, teachers' training colleges and technical colleges—Britain is scandalously backward in comparison with other countries. In the U.S.A. 1 in every 125 of the population is a student in institutions of higher education; in Britain 1 in 750.

It must also be remembered that skill is relative; the technique of production is constantly changing; the kinds of skill required for today are different from and more productive than those of yesterday. The personal skill of the artisan working with simple hand tools at his craft is very different from the collective, social skill needed for carrying on production with the complex machines of modern industry. The most technically advanced and skilled people are those whose labour is most productive. And social productivity is determined by (a) the quality of capital equipment, and (b) the technical skill of the operatives. It is sometimes argued for example, that the British cotton textile operative is more highly skilled than his American opposite number. But that is an empty argument. The capital equipment of the industry in America is different in kind from that of the industry in Britain: hence, different kinds of skill are required. In America weaving is done to the extent of 95 per cent on the most modern fully-automatic looms; in Britain weaving is done to the extent of 95 per cent on the old non-automatic Lancashire looms. The question, therefore, is not "who is most skilled," but "whose skill is most productive"? The answer is not in doubt; output per man hour in weaving is lower in Britain than in America by 56 to 67 per cent. There are two main reasons for this—and they apply in all cases where American output per man hour is markedly higher than in Britain:

* Cmd. 6458.

first, the operative has more and better and newer tools; second, more attention is paid to technical training of youth.

One of the most tragic features of neglect to develop national resources of productive skill in the Britain of the 1920s and 1930s was the denial to millions of young people of the right to acquire skill in some form of socially useful labour. The years of adolescence should be the time when our 'teen-aged boys and girls develop their technical knowledge, productive skill and discipline to equip them for adult labour. For a majority of our young people they became years of blind alley employment or unemployment. The characteristic of blind alley employment is that it is a special form of exploitation of youth as a cheap labour force in work that provides no opportunity for the acquirement of skill, and that it automatically leads to young workers being thrown out of employment at the ages of 16, 18 or 20, with no equipment for alternative employment. One of the biggest blind alleys was distribution. In 1934, when boys and girls of 14 and 15 were drawn into state insurance for the first time, it was discovered that of the 916,000 who registered, no less than 259,000 (28.3 per cent) were employed in the distributive trades. Among those in the 16-17 age group the proportion was 26 per cent. Although expansion of employment in distribution was higher than in any other occupation, only a fraction of these youngsters had any chance of being retained in their jobs as they passed out of their 'teens. The distributive trade was only one of many blind alleys, and this type of employment provided the only "opportunity" of work for most school-leavers. In 1934 the National Union of Teachers estimated that 70 per cent of all boys leaving school at the age of 14 went into blind alley jobs. In the depressed areas, i.e., in the main centres of the key industries of mining, shipbuilding, iron and steel, and textiles, many tens of thousands of young people of both sexes never found employment at all until a use was found for them once war broke out!

The prevalence of juvenile unemployment and blind alley employment meant that "... the years between the ages of 14 and 18 have ceased, for a high proportion of juveniles, to be those in which manual dexterity was being gained from constant practice in the factory or technical knowledge in the schools."*

A most precious national asset, the potential ability of the young generation to acquire high standards of technical knowledge and productive skill, was being wasted.

DECLINE OF EMPLOYMENT IN BASIC INDUSTRIES

Another factor that must be taken into account is the way in which the available labour force is actually used. An important point in this connection is to establish what proportion of it is engaged in the processes of producing wealth. The main bases of wealth production, and of economic life in general, are the *extractive* industries (i.e., those concerned with winning wealth from nature—fish from the seas, food and industrial

* Jewkes and Winterbottom, *Juvenile Unemployment*.

crops from the land, coal and ores from the bowels of the earth) and the *manufacturing* industries (i.e., those concerned with making things of all kinds). The number of workers, and the proportion of the available labour force, engaged in these industries fell between the two wars.

Everyone is familiar with the phrase that epitomises the decline of our agriculture, the "flight from the land." In coal-mining the number of insured workers fell by 40.5 per cent between 1923 and 1938, the actual numbers employed in the mines falling from 1,200,000 in 1923 to 766,000 in 1938. In 1923 twelve out of every 100 insured workers were employed in or about the coal mines; by 1937 the proportion had fallen to 7 out of every 100. Over the same period the proportion of the total labour force engaged in manufacturing industries also fell; in 1923 it was 51 out of every 100, by 1937 it had fallen to 47. This fall was not evenly distributed over all industries. In some cases there was considerable expansion: between 1923 and 1938 the number of insured workers increased by 141 per cent in the electrical trades, by 108 per cent in motors, cycles and aircraft, by 54 per cent in building. But expansion in these trades was more than offset by contraction in other directions. The number of insured workers in cotton textiles, for example, fell by 43 per cent in the same period, in woollens by 32.5 per cent, in iron and steel by 18 per cent.

Expansion of the electrical, motor, aircraft, and certain other manufacturing industries is, in itself, progressive and beneficial. But it cannot compensate for the decline in coal, iron and steel. In the last analysis the expansion of all other industries and the state of the national economy is dependent on the state of the coal-mining and iron and steel industries. To allow the number of workers in these industries to decline—in the absence of radical technical improvements that would maintain or increase their output with a less number of workers—imposes a handicap on every other branch of industry. It means also that the productive skill of hundreds of thousands of miners and steel workers who were forced out of these industries is thrown away.

The diversion of labour from the declining basic industries was not mainly into the new expanding manufacturing industries, but into non-productive occupations that contributed nothing to the national output of real wealth. Typical is the vast expansion of the distributive trades. In 1923 some 1.25 million workers—one in every 10 insured workers—were employed in wholesale and retail distribution. By 1938 the number so employed had risen by more than 800,000 to over 2 million—one in every seven insured workers. To this must be added the swelling proportion of the working population diverted from productive employment into non-productive occupations. Some part of this was socially useful service, but a large part was represented by socially useless, wasteful and parasitical employment—canvassing, advertising, personal service, and what not.

Throughout the 1920s and 1930s the general drift was: (1) steep decline in the basic extractive and manufacturing industries; (2) decline in the proportion of workers engaged in productive labour, despite expan-

sion of light and secondary industries; (3) expansion of employment was greatest "in commerce and finance, the services connected with the distribution of goods, and in personal service"; (4) "the trend was away from the land, the mine, and the quay to the shop, the office, and the place of entertainment."*

Apart from the fact that a large proportion of the total labour force was diverted from productive to non-productive labour, it is necessary also to note that a large proportion of the force available for and willing to work was condemned to idleness. Over the entire period from 1921 to 1938 an average of 14 out of every 100 workers were denied the opportunity to apply their labour power. At one point nearly 3 million workers, 21.9 per cent of all insured persons, were unemployed: 22 out of every 100. At no time during all these years were there less than a million unemployed. The average rate of unemployment during these years in some of the basic industries was 37.1 per cent in shipbuilding, 27.4 per cent in steel-smelting, 23.8 per cent in pig iron, and 20.9 in coal mining.

It is easy to see that if these millions had been allowed to play a part in productive labour the possibilities for increasing the national output of real wealth and raising the standard of life were enormous.

This can be seen from the experience of the war years. The total number of "operatives," including those in the armed services and civil defence, rose by $3\frac{1}{2}$ million from $18\frac{1}{2}$ million to 22 million. If, however, we exclude those in the armed forces and auxiliaries, the numbers in civilian employment fell during the war by about half a million. In spite of the smaller labour force available the national output of wealth increased considerably. This was because a far larger proportion of the available labour force was engaged in productive labour: under the war-time regulations labour was directed away from the shop, the office and the place of entertainment to the land, mines and factories. True, the production was for war, but this experience did indicate the possibilities for vastly increasing the production of wealth per head of the population. Whether, and how, these possibilities will actually be utilised in peace-time is the subject of another Lawrence and Wishart syllabus, *Problems of Full Employment*.

SUGGESTED TOPICS FOR DISCUSSION

1. *The productive skill of our workers is a national asset. Whose responsibility is it—or should it be—to raise the general standard of skill?*
2. *Output per man hour is higher in many cases in America than in Britain. Is this because the American workman is more skilled than the British?*
3. *It is sometimes argued that the increase in the proportion of workers engaged in "service" occupations, relative to the proportion*

* Carr Saunders and Jones: *The Social Structure of England*.

engaged in productive labour, is a sign of improved standard of living. To what extent is this true?

4. There has been full employment only in war-time under capitalism. Why does capitalism prefer an industrial reserve army of unemployed to full employment?

Lesson Four

OVERSEAS EMPIRE AND INVESTMENTS

So far we have dealt with Britain's internal resources; it is important also to take into account its overseas Empire and foreign investments, and to investigate the claims that possession of these is essential to the well-being and prosperity of Britain itself.

The British Empire comprises $13\frac{1}{2}$ million square miles of territory, about a quarter of the world's total land surface. Within this Empire live nearly 500 million people, approximately one-fourth of the total world population. Spread all over the world, this Empire is immensely rich in natural resources, many of which are not to be found in Britain itself.

The constituent parts of the British Empire may be divided into two main categories: the self-governing Dominions and the territories which are not—or not fully—self-governing. Not all of the non-self-governing territories are—in the formal, constitutional sense of the term—colonies. India, for example, is neither a colony nor a Dominion in its relationship to Britain. But in political reality, as distinct from constitutional categories, India is still part of the colonial Empire, subject to British rule.

The Dominion Countries

The chief Dominions are Canada, Australia, New Zealand and South Africa. To these must be added Newfoundland, which was deprived of self-government when it suffered bankruptcy as a result of the world economic crisis, and Eire. The four chief Dominions are themselves highly developed capitalist countries. Once colonies ruled from Britain, they differed from other colonies in that they were settled by European "white" immigrants. Nevertheless, they had to wage a considerable struggle for their present status, first winning the right to internal self-government and later, after the First World War, independence in foreign affairs. Many factors made it advantageous for the ruling classes of the Dominions to retain association with the Empire: the heavy British investments in these countries, the importance of Britain as a market for their products, the system of Imperial Preference which makes them partners in exploitation of the colonies, their dependence on the British Navy for defence, etc.

The Colonial Empire

The colonial Empire is much more complex, a medley of Crown Colonies, Protectorates, Protected States, leased territories, Mandated Territories, etc. The list of these "possessions," too long to give in full, includes territories in Europe—Gibraltar and Malta; in America—British Guiana, the Bermudas, Honduras; in Australasia—the Fiji Isles, New Guinea; in Africa—Rhodesia, Nigeria, Kenya, Gambia, the Gold Coast; in Asia—Burma, Ceylon, Hong Kong, Malaya, North Borneo, India; and the West Indies, difficult to fit into any of the continental groupings—Jamaica, Trinidad, the Barbados. Within this colonial territory live 410 million subject people.

None of these territories has full self-government in internal affairs nor independence in foreign affairs; they are governed, in varying degrees, from London. Some have rudimentary, and some even fairly highly developed organs and powers of self-government, but the scope of these is severely restricted. Even where self-government is most highly developed, power to decide on such matters as fiscal policy, foreign relations, defence, declaration of war and peace, etc., is generally reserved to the British Government. Thus, Britain's declaration of war in 1914, and again in 1939, meant that every colony was automatically declared to be at war.

GROWTH OF THE EMPIRE

Several phases in the growth of the Empire and imperial policy may be noted:—

Up to the end of the eighteenth century, colonies were of two types. In West Africa, the West Indies, India and the Far East were the trading stations, from which "the treasures captured by undisguised looting, enslavement, and murder floated back to the Mother country and were turned into capital." In America and Canada were the territories settled by immigrants from Europe (supplemented in America and the West Indies by slaves from Africa) which "secured a market for the budding manufactures and, through the monopoly of the market, an increased accumulation" of capital in Britain.* This monopoly was secured by the Navigation Laws, which imposed conditions against which the American colonies revolted in the 1770's. Despite the loss of the American colonies, this first phase of expansion laid the basis for the vast accumulation of capital which was so important in the early industrialisation of Britain.

In the first half of the nineteenth century the Industrial Revolution made Britain the "workshop of the world" and gave her a near monopoly in world trade. The annexation of territory was no longer felt to be so essential and colonial expansion fell into some disrepute. In 1835 the *Westminster Review* condemned colonies—they had "ever been the bane and curse of the people of this country"—and in 1852 Disraeli described them as "millstones round our necks." Britain did not, however, with-

* Both quotations from Karl Marx: *Capital*, vol. I.

draw from any colonies during this period and, in fact, added substantially to its possessions in India and Africa.

A third phase opened round about 1870. Britain was losing its place as workshop of the world. Large-scale industries had developed in Germany, France, Belgium and the United States, and some of these countries were becoming rivals of British capitalism in the European and world markets. To meet these new conditions Britain embarked upon a course of territorial expansion, which led to a scramble for the division of the world among the capitalist Powers. Between 1870 and 1900 nearly five million square miles of territory, with 90 million inhabitants, was annexed to the Empire. Territorial expansion, particularly in Africa, brought with it a further growth of Britain's export trade, although the British share in the still-increasing world trade was now falling. A new feature was the rapid increase in the export of capital, British overseas investments growing from £600 million in 1870 to over £2,000 million in 1900.

In the present century the following features may be noted:—

1. British colonial expansion reached its highest point with the taking over of the lion's share of the colonies of the former German and Turkish Empires after their defeat in the imperialist world war of 1914-1918.
2. British overseas investments reached their highest point, about £4,000 million, by 1914. Much of this was lost as a result of sale of overseas investments to meet war expenditure during the war of 1914-1918, but the total of £4,000 million was reached again by the end of the 1920's and maintained until 1939.
3. The nineteenth century free trade policy gradually relaxed and was finally completely abandoned in favour of Imperial Preference in 1932; a closed Empire bloc became the basis from which British capitalism waged trade war for a bigger share in the now shrinking world market.
4. Popular movements for national independence arose in many of the colonies; British rule could now be maintained only by suppression of these movements.

ECONOMIC EXPLOITATION OF THE COLONIES

The explanation for the rise of the demand for national independence must be sought in the effects of imperialist expansion on the colonial peoples. Reference has already been made to the subject political status common to all colonies. Another feature common to all is that they have been denied the possibility of full and independent economic development; their economy is regulated and allowed to develop only in those directions which meet the needs of Britain's capitalist economy. In practice, this has meant:—

1. **The colonies have been made to serve as sources of raw material.** Without exception, the economy of the colonies is based on primary production, i.e., on the extraction of minerals and on agriculture. The mining and export of minerals is everywhere controlled by British capital—e.g.,

the tin of Malaya, the asphalt of Trinidad, the manganese ores of West Africa, the copper of Rhodesia, are all operated by British companies. In most colonies agriculture is based on monoculture, i.e., concentration on the growing of a single crop—cotton in one country, cocoa or coffee in another, sisal or sugar in a third. Domination of British capital is ensured either by ownership of huge plantation estates or by complete monopoly in the marketing and export of the crops.

This concentration on production of one or a few crops or minerals for export creates an unbalanced economy, making the colonies dependent on fluctuations in the world market and on the power of monopolists to fix prices and restrict output. The decisions of international cartels to restrict the output of sugar to one-half of capacity (1929), of copper to one-fifth and tin to one-third (1932) and of rubber to one-half (1934) in order to maintain high prices and profits meant economic bankruptcy for the colonies concerned.

2. The industrial development of the colonies has been retarded. In general, development is limited to what is necessary in order to exploit natural resources, such as railways, harbour, and motor transport required to export crops and minerals. The growth of local industries for processing and manufacturing commodities from these native raw materials is discouraged. Even in those colonies where industrialisation has made most progress it is, for the most part, confined to light and secondary industries; nowhere has industrialisation been allowed to develop to the point where production of the means of production is carried on. In India, for example, steel ingots are made and motor-cars assembled, but even during the war official—i.e., British—policy discouraged the making in India of machinery from this steel, or of internal combustion engines for motors.

3. The colonies have been held as markets for British exports. In other markets the British capitalist has to contend against tariff barriers, or is handicapped by the fact that the general backwardness of many of our industries means that British prices are not competitive over a wide range of commodities. In the colonies, on the other hand, tariff policy is manipulated to favour the British exporter; preferential tariffs keep out rivals and provide a protected market for the higher-priced British products. This sheltered market became of decisive importance in the post-1920 period of intensified trade war for the shrinking world market. The system of Imperial Preference **agreed upon** between Britain and the Dominions in 1932 was **imposed upon** the colonies. The Indian Legislative Assembly, for example, voted against the Imperial Preferences, but was powerless to prevent their imposition. The result was that while Britain's share of world trade was falling, its share of India's imports rose from 35.5 per cent in 1931 to 40.6 per cent in 1934-35.

4. The colonies have been treated as a source of cheap labour. In India, the largest and oldest colony, the average income per head of the population works out at less than £5 per year. Wages range around 7d. per day for plantation workers, 9d. per day for miners, 2s. per day

for the most highly skilled weavers. Ninety per cent of the population is illiterate. It is generally accepted that infantile mortality rates are an index to social standards. In Britain the rate is 52 per 1,000; the lowest rate in the colonies is 66.5 (Bahamas); the average is 150. In India, the rate is 169; it rises to 369.7 in Gambia.

It will be clear from the above facts that the colonies derive no benefit from their enforced inclusion in the British Empire. What, then, of Britain: does it benefit from the political subordination and economic exploitation of colonies?

EFFECTS OF COLONIAL EXPLOITATION ON BRITAIN

It has been shown that annexation and exploitation of colonies and the piling up of overseas investments were big factors in the eighteenth- and nineteenth-century expansion of Britain's economy. But for many years stagnation and decline have taken the place of expansion. The possession of a colonial Empire and overseas investments did not prevent this, but was a contributory factor.

Britain was not alone, of course, in experiencing serious economic difficulties—mass unemployment, idle plant, etc.—after 1918. In fact, Britain's difficulties were part of a general, world-wide crisis of capitalism, a crisis of overproduction.

The Crisis of Capitalism

The regulator of production in a capitalist economy is profit, and profit is realised by the sale of commodities in the market. If more is produced than can be sold at a profit in the market there is a crisis of overproduction. The danger of such crises is inherent in capitalist economy, and even during the nineteenth century the expansion of capitalism was periodically interrupted by **cyclical crises**: markets would be glutted, production would slow down, machines and men would stand idle. In the nineteenth century each slump was followed by a boom, by a further expansion of production, as new markets were opened up. In our own century, however, we have entered into a period of **general crisis** of capitalism. Cyclical crises still occur—they go deeper, last longer, and follow more closely on the heels of each other. But they are no longer succeeded by a new boom and further expansion: **each cyclical slump worsens the general crisis**. For now there are no **new** markets to be opened up by bringing new lands into the orbit of capitalist economy. The markets of the world were long ago **completely shared out** between the big capitalist powers: now any one capitalist Power can add to its share of the world market only at the expense of and in conflict with some other capitalist Power.

It would be possible, and this is an aim of the Labour Movement, to **expand the capacity of the world market to absorb the products of labour** by systematically raising the purchasing power of the masses throughout the world. They are the main consumers: if their purchasing power is increased the market will expand, if it is reduced the market will shrink.

The root cause of the general crisis of capitalism, however, is that while world productive capacity has been enormously expanded, the world market has been restricted by deliberate depression of the purchasing power of the masses.

Colonial Impoverishment and Poverty in Britain

Nowhere is this more evident than in the colonial possessions of the imperialist Powers. With its vast population and urgent need for industrial development, India—to take but one example—is potentially one of the greatest markets in the world. But this potentiality has been frustrated by the fact that under British rule the people of India lead lives of incredible poverty. The actual, as distinct from the potential, market in India is severely limited by the fact that the income of the entire population is less than £5 per head per year. It is clear, therefore, that the impoverishment of the colonial masses, which restricted the world market for consumer goods, was one of the main factors in the capitalist world crisis and, hence, in causing unemployment and poverty among the workers of Britain.

Another factor was the policy, deliberately followed by all imperialist Powers, of retarding the growth of industry in colonial countries, so as to preserve them as markets for the products of the industries of the capitalist countries. But this involved another consequence, namely, restriction of the market for the products of heavy industries manufacturing capital goods. It is a fact that "trade radiates from the industrial regions": the more highly industrialised nations are also the biggest markets. Thus, in 1938, Europe and the U.S.A., the most highly developed industrial regions, accounted for 82 per cent of the total world import-export trade. Non-continental Europe (mainly Britain) accounted for 17.8 per cent of world imports and 11 per cent of world exports. India, Burma, and Ceylon together, with their vastly greater population, accounted for only 2 per cent of world imports and 3.4 per cent of world exports. India and China together, with 39 per cent of the world's population, accounted for only 5 per cent of world trade. It is clear from this that the retarded industrialisation of the colonies, which restricted the world market for capital goods, was an important factor in the world crisis of capitalism, and in causing unemployment and poverty among the workers of Britain.

How Capitalism Benefits

It must be noted, however, that while colonial exploitation was a cause of the world crisis, the possession of a vast colonial Empire was also an important factor in shielding the British capitalists from the full force of the crisis. It is well known that during this period the capitalists strove to maintain their profits at the expense of the workers and the middle class at home: wages and salaries were slashed, social services were pruned back, etc., etc. This caused widespread discontent, which would have been even deeper and more dangerous to capitalism but for

the fact that the effect of wage and salary cuts was to some extent modified by the fall in prices for consumers' goods at home during this period. This meant that, for the employed workers and salary earners, **real wages** did not fall so steeply as **money wages**: they had less shillings in the pay packet, but each shilling could buy rather more than before. This was achieved by depressing the standards of the colonial masses to a much greater extent than were the standards of the British people. The colonial people are engaged mainly in primary production and are dependent on imports for manufactured goods. British capital controls the prices of both. This power was used to throw the main burden of the crisis on to the shoulders of the colonial peoples: **prices for colonial primary products (raw materials and food) were forced down, while prices for manufactured goods were kept at a much higher level.** Here are some examples, taking 1913 prices as the standard:—

	1913	1929	1932
Manufactured goods			
Pig Iron ..	100	132	109
Primary products			
Indian cotton ..	100	111	65
Jute	100	102	55
Tea	100	138	65
Raw sugar ..	100	71	33

Thus, the **British capitalist was able to maintain a high rate of profit and cushion the effects of the world economic crisis in Britain at the expense of the colonies.**

Export of Capital

The effect of overseas investments must also be taken into account. It is argued that the £4,000 million invested overseas represented a "national asset" in that the yearly interest of £200 million helped to pay for imports. Certainly imports must be paid for; generally they must be paid for by exports. But for many years before the war the value of British exports was much below the value of its imports—£540 million exports as against £940 million imports yearly. The difference was met by "invisible exports," i.e., partly by income from shipping services (foreign cargoes carried in British ships), partly by commission on banking and financial transactions for foreign countries, and above all by the income of £200 million from overseas investments. The greater part of these investments are in colonies, which had to pay the interest in the form of raw materials and foodstuffs for which they received no manufactured goods in return. Was this such a good thing for Britain as might seem to be the case at first sight?

To answer this, it is necessary to understand why so much capital was sent out of the country. The common explanation is that this capital was "surplus." But this gives the impression that there was neither room nor need for further capital investment in Britain itself, whereas, in fact, our main industries—coal, iron and steel, textiles, agriculture, railways,

etc.—had been starved of new capital over many years. Their technical basis became obsolescent precisely because the capital investments necessary to keep them up to date was not forthcoming.

The real explanation must be sought in the fact that the flow of capital is not determined by national requirements, but by the rate of profit: capital is directed into those channels where it can multiply itself most quickly. Because the rate of profit obtainable from exploitation of colonial and other backward countries where land and labour were cheaper was higher than could be expected from investment in Britain's staple industries, the capitalists preferred to export their capital. It emerges, therefore, that **export of capital was a direct cause of the general backwardness of our main industries; however profitable it may have been to the capitalist investor, it weakened the basis of Britain's national economy.**

We can now sum up:

1. The colonial Empire is based on the political subordination and economic exploitation of the masses in the colonies, which are denied the rights of self-government, national independence, and full economic development.

2. The retarded economic development and impoverishment of the colonies severely restricted the world market for capital equipment and consumers goods; it was therefore a vital factor in the contradiction between the expansion of world productive capacity and the restriction of the world market, which was a basic cause of economic crises.

3. The exploitation of colonies, facilitated by the export of capital, brought immense wealth to the capitalist class; at the same time it became a major factor in the stagnation and decline of Britain's economy, and especially in the increasing backwardness of our basic industries.

4. The major colonial possessions of British Imperialism have been held only by suppression of popular movements for national independence.

5. The true interests of the British people are linked with the aspirations of the colonial peoples for national independence as the basis for their political, social and economic development; the imperialist monopoly capitalists are the oppressors of both.

SUGGESTED TOPICS FOR DISCUSSION

1. *Mr. Bevin, in the House of Commons (21.2.46) said that "if the British Empire fell, the greatest collection of free nations would go into the limbo of the past and it would be a disaster."*

Is this description of the Empire as "a collection of free nations" correct?

2. *In the same speech, Mr. Bevin also said he was "not prepared to sacrifice the Empire," because "it would mean that the standard of living of our constituents would fall considerably."*

Is the maintenance and improvement of the living standards of the British people dependent on the retention of colonies?

3. *It is a Marxist principle that "a nation that oppresses others cannot itself be free."*

What is the relation between the fight of the British workers for Socialism and the fight of the colonial peoples for national independence?

SUGGESTED READING

Lesson One: Information concerning Britain's natural resources can be obtained from any up-to-date standard work on economic geography, and on the use of these resources from any standard work on social or economic history. On the question of land ownership see *Land and Landowners* (Labour Research Dept., 1s.). Two books mentioned in the text—*Land and Life* (Astor and Murray, Gollancz, 5s.) and *Agriculture: Planned and Prosperous* (Communist Party, 1s.)—give useful information on agriculture. Facts concerning coal resources are given in *Britain's Coal* (M. Heinemann, Gollancz, 6s.).

Lesson Two: For the historical sections reference may be made to *A People's History of England* (A. L. Morton, Lawrence and Wishart, 10s. 6d.); *The Condition of the Working Class in England in 1884* (F. Engels, Allen and Unwin, 5s.) and *Socialism, Utopian and Scientific* (Allen and Unwin); also in *Karl Marx, Selected Works*, Vol. 1 (Lawrence and Wishart).

For further facts concerning basic industries there is a very large literature, from which the following may be recommended: On mining see *Britain's Coal* (M. Heinemann, Gollancz, 6s.), and *Coal Mining* (the "Reid Report," H.M.S.O., Cmd. 6610, 1s.). On the iron and steel industry, see *Iron and Steel in Britain, 1870-1930* (Burnham and Hoskins, Allen and Unwin, 25s.), and *Steel—The Facts* (H. Owen, Lawrence and Wishart, 4s.). On the cotton industry, see the Platt Report and the *Report of the Cotton Working Party*. Facts concerning railway transport are given in *Railways and The Nation* (Labour Research Department, 6d.).

Lesson Three: In connection with this lesson reference might be made to some standard work on social structure, such as *The Social Structure of England* (Carr-Saunders and Jones, O.U.P., 10s.). A careful general study, more up to date is *The Condition of the British People* (M. Abrams, Gollancz, 6s.). Facts concerning education are given in *The New School Tie* (Giles, Pilot Press, 5s.). There are many works dealing with the problems of unemployment in the inter-war years, but a good general survey is given in *The Post-War History of the British Working Class* (G. A. Hutt, Gollancz, 7s. 6d.).

Lesson Four: Standard works on imperialism are *Imperialism* (Hobson, Allen and Unwin, 8s. 6d.), and *Imperialism: The Highest Stage of Capitalism* (Lenin, Lawrence and Wishart, 1s. 6d.). A popular study of the question that can be recommended is *Imperialism and the People* (Lawrence and Wishart, 6d.).

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Printed in Great Britain for
Lawrence & Wishart Ltd., 81 Chancery Lane, W.C.2
by Farleigh Press Ltd. (T.U. all depts.) Beechwood Rise, Watford